



TEXAS  
Health and Human  
Services

# Ambulance Services Supplemental Payment Program (ASSPP)

---

**FFY 2021 Cost Report Training**

# Rate Analysis Program Contacts

## **Contacts:**

Christina Nip	Manager, Hospital Supplemental Payments
Dakota Sanders	Lead Analyst, Ambulance Services
Jacqueline Haschke	Supporting Analyst, Ambulance Services

## **For assistance with:**

- ASSPP Program-Related Questions  
Provider Finance Department Email: [UCTools@hhs.texas.gov](mailto:UCTools@hhs.texas.gov)
- Receipt of the report, STAIRS technical assistance  
Phone: (512) 438-2680, Email: [CostInformationPFD@hhs.texas.gov](mailto:CostInformationPFD@hhs.texas.gov)
- Issues with your STAIRS Login:  
Fairbanks, LLC. Phone: (877) 354-3831, Email: [info@fairbanksllc.com](mailto:info@fairbanksllc.com)



# GovDelivery Updates

---

As HHSC shifts to official communications via GovDelivery, please register via the link to receive relevant and timely information from HHSC.

To create an account:

<https://service.govdelivery.com/accounts/TXHSC/subscriber/new>



# Source Locations

---

<https://rad.hhs.texas.gov/acute-care/ambulance-services> contains the following resources:

- Presentation slides
- Cost Report Instructions
- Webinar registration links



TEXAS  
Health and Human  
Services

# Texas Administrative Code References

---

## Title 1:

- [354.1111](#) Definitions
- [354.1113](#) Additional Claim Information Requirements
- [354.1115](#) Authorized Ambulance Services
- [355.101-107](#) Cost Determination Process
- [355.8600](#) Reimbursement Methodology for Ambulance Services



TEXAS  
Health and Human  
Services

# 1115 Waiver History

---

1. Section 1115 waivers were designed to test and implement coverage approaches in the Medicaid program that do not meet federal program rules but have also raised policy issues.
2. Section 1115 of the Social Security Act gives the Secretary of Health and Human Services (HHS) the authority to waive provisions of major health and welfare programs authorized under the act and to allow states to use federal Medicaid funds in ways that are not otherwise allowed under federal rules.
3. The Texas 1115 demonstration waiver was approved at the discretion of the Secretary of HHS through negotiations between the State of Texas and the Centers for Medicare & Medicaid Services (CMS).
4. Section 1115 waivers are generally approved for a five-year period and then must be renewed.
5. The federal government enforces the required budget neutrality by establishing a federal funding cap over the life of the waiver.



TEXAS  
Health and Human  
Services

# 1115 Waiver

---

How does this program exist?

Supplemental payment funding, managed care savings, and negotiated funding will go into two statewide pools over eleven years.

Funding from the pools will be distributed to hospitals and other providers to support the following objectives:

- (1) Uncompensated Care (UC)
- (2) Delivery System Reform Incentive Payment (DSRIP)



# Supplemental Payments Relationships

## 1115 Waiver

DSRIP

Uncompensated Care Pool

Dental

Physician  
Groups

Hospitals

Ambulance  
Services



TEXAS  
Health and Human  
Services

# Reimbursement Methodology Rule Amendments

## 2012 Waiver Approval:

- **Effective March 1, 2012**, approved governmental providers are eligible to report and receive reimbursement for uncompensated care costs.
- These reimbursements are made available due to the **approval** of the Healthcare Transformation and Quality Improvement 1115 Waiver Program (1115 Demonstration Waiver).

## 2017 Waiver Renewal:

- Effective January 1, 2018, approved governmental providers are eligible to report and receive reimbursement for uncompensated care costs.
- **Effective October 1, 2019, approved governmental providers are eligible to report and receive reimbursement for uncompensated charity care costs\***.
- These reimbursements are made available due to the **renewal** of the Healthcare Transformation and Quality Improvement 1115 Waiver Program (1115 Demonstration Waiver).

*\* Note: The methodology change is mandated by CMS through the terms established in the Texas Healthcare Transformation and Quality Improvement Program Special Terms and Conditions (STC's) document (CMS Waiver List No. 11-W-00278/6).*



TEXAS  
Health and Human  
Services

# ASSPP Overview

---

Ambulance Services are nonemergency and emergency patient transports that are approved by the Station's Charity Care Policy.

These services include out-of-hospital acute medical care, transport to definitive care, and other medical transports to patients with illnesses and injuries which prevent the patients from transporting themselves.

Patient transports include ground, fixed wing/rotary, and water transports.



TEXAS  
Health and Human  
Services

# ASSPP Overview

To be eligible to receive and retain federal reimbursement for the Texas Medicaid Ambulance program, a provider must:

- Be enrolled and approved as a provider with the Texas Medicaid & Healthcare Partnership (TMHP);
- Ensure that services are provided by approved/qualified providers as indicated in the Texas Medicaid Provider Procedures Manual (TMPPM);
- Submit a request and receive approval from HHSC to be eligible to participate in the Ambulance Services Supplemental Payment Program;
- Bill for allowable Medicaid services delivered in the Ambulance program;
- Abide by HHSC rules and regulations;
- Complete training for every odd-year cost report in order to complete cost reports for that year and the next year;
- Submit an annual Ambulance Cost Report; and
- Comply with all state and federal audits.
- Starting DY9 have a Charity Care policy that is valid per the HFMA guidelines



TEXAS  
Health and Human  
Services

# Purpose of the Cost Report

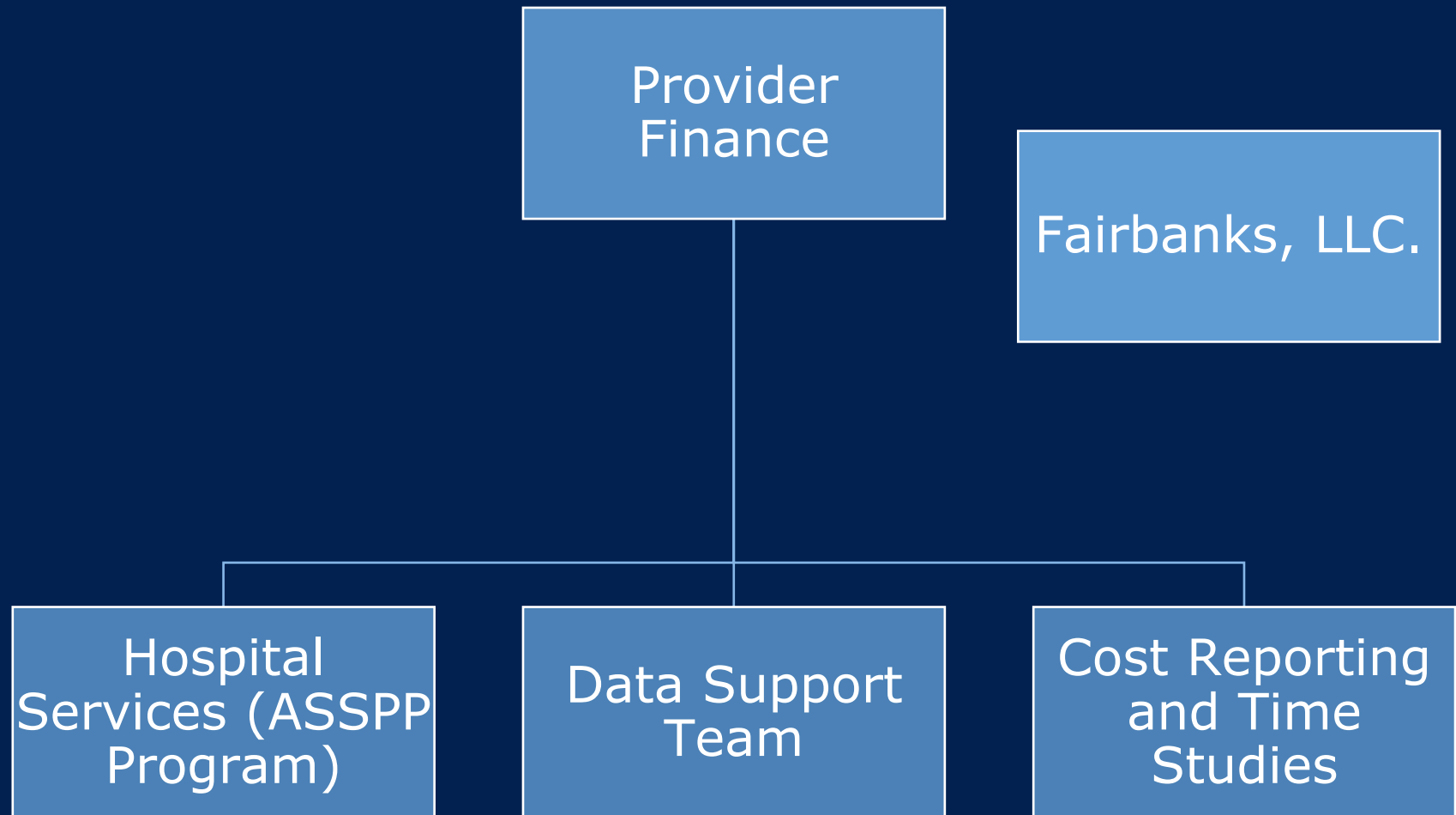
---

The purpose of the Ambulance Supplemental Payment Cost Report is to provide approved governmental ambulance providers with the opportunity to receive supplemental payments if the governmental ambulance provider's allowable costs exceed the revenues received during an applicable service period.



TEXAS  
Health and Human  
Services

# Organizational Overview



# Cost Report Training Requirements

It is the provider's responsibility to ensure that each cost report preparer has completed the required state-sponsored cost report training.

Preparers must complete cost report training :

- For each program for which a cost report is submitted.
- Every other year for the odd-year cost report to receive a certificate to complete both that odd-year cost report and the following even-year cost report.

If a new preparer wishes to complete an even-year cost report and has not completed the previous odd-year cost report training, he/she must:

- Receive training credit to complete the even-year cost report, and then
- Complete an even-year cost report training.

**NO EXEMPTIONS from the cost report training requirements will be granted.**



TEXAS  
Health and Human  
Services

# How to Complete a Cost Report

---

## Basic Steps:

- Log in to the State of Texas Automated Information Reporting System (STAIRS);
- Review your prior year's cost report and respective adjustments, if applicable;
- Read the current year's Cost Report specific instructions;
- Gather all the required documentation;
- Review the General Ledger for unallowable costs and classification errors;



# How to Complete a Cost Report

---

- Develop work papers that clearly reconcile between the provider's fiscal year end trial balance and the amounts reported on the Cost Report;
- Complete all required allocations;
- Complete the cost report steps in order on STAIRS, as required;
- Transfer values from your allocation worksheets and reconciliations to appropriate cost report items;
- Check for errors;
- Complete the Preparer Certification page and the Cost Report Certification page.



# Allowable Costs: Reasonable Criteria

---

Cost are allowable ***only*** if they are **reasonable** and **necessary** and **related to direct patient care**.

“Allowable costs – Expenses that are reasonable and necessary for the normal conduct of operations relating to the provision of ground and air ambulance services” [1 TAC §355.8600(b)(1)]

## Reasonable Cost:

- The provider seeks to minimize costs through arm’s-length transactions.
- The amount expended does not exceed what a prudent, cost-conscious buyer pays for a given item or service.



TEXAS  
Health and Human  
Services

# Allowable Costs: Necessary Criteria

---

## Necessary Costs:

- Costs are for developing and maintaining the required standard of operation for client care.
- Not personal costs.
- Directly or indirectly related to providing the service.
- Costs that are allocated per program are substantiated.

“Allowable costs—Expenses that are reasonable and necessary for the normal conduct of operations relating to the provision of ground and air ambulance services” [1 TAC §355.8600(b)(1)]



TEXAS  
Health and Human  
Services

# Cost Report - Eligible Costs

---

Cost reports eligible under Texas Healthcare Transformation and Quality Improvement 1115 Waiver Program will include only allocable expenditures related to Uncompensated Charity Care as defined and approved in the 1115 Waiver Program.

For information regarding the definition to Uncompensated Cost, please refer to the Cost Report Instruction Guide listed on the HHSC Website under the reporting heading.

<https://rad.hhs.texas.gov/acute-care/ambulance-services>



TEXAS  
Health and Human  
Services

# Uninsured Charity Costs

---

1. Beginning with DY9, all programs under the 1115 waiver will transition to uninsured charity care. The 2020 cost report has been updated to reflect this change. HHSC will still collect Medicaid and FFS charges and reimbursements, but uninsured charity cost will be used to calculate payments.
2. All claims for uninsured charity costs must be accompanied by a Charity Care or Financial Assistance Policy.
3. Charity Care Policies cannot be retroactively applied to claims. Any uninsured charity claims can be made only after the charity care policy was established.



# Allowable Costs: Salary, Wages, and Benefits

---

**Allowable employee benefits are reported as either:**

**Salaries and wages:** Benefits reported as salaries and wages are directly charged to the individual employee to include paid vacation days, paid holidays, paid sick leave, other paid leave, and bonuses.

**Employee benefits:** Employer contributions to deferred compensation plans, retirement funds or pension plans, certain employer-paid health/medical/dental and disability insurance premiums and paid claims, employer-paid life insurance premiums, employer-paid child day care for children of employees.

Costs applicable to specific cost areas.



# Allowable Cost: Other Benefit Expenses

---

Benefits that are reported as costs applicable to specific cost areas include:

- Employer-paid training/educational costs
- Employee relations costs
- Uniforms
- Mileage reimbursement

**Note:**

Report cost as a salary if your entity deduces taxes from the reimbursement.

# Allowable Costs: Other Benefit Expenses

---

Providers must maintain documentation which clearly identifies each type of compensation. Examples of required documentation include:

- Insurance policies
- Provider benefit policies
- Records showing paid leave accrued and taken
- Documentation to support hours (regular & overtime)
  - Hours worked and wages paid
- Mileage logs
- Travel Allowances

# Allocation and Documentation of Compensation

---

## **Allocation of Compensation**

Only employer-paid health, medical, dental, and disability paid claims can be allocated.

All other employee benefits and/or insurance must be direct-costed.

## **Documentation of Compensation**

Providers must maintain documentation which clearly identifies each type of compensation. Examples of required documentation:

1. Payroll documentation to support hours worked (both regular and overtime) and wages paid;
2. Insurance policies and provider benefit policies;
3. Records showing paid leave accrued and taken;
4. Mileage logs; and
5. Travel allowances.

*For more information on documentation, see 1 TAC §355.105(b)(2)(B)*



**TEXAS**  
Health and Human  
Services

# Allowable and Unallowable Costs

---

Allowable compensation for outside consultants and services provided by outside vendors must be reasonable, necessary, AND related to the provision of emergency transport services.

Expenses are not allowable if they are not directly related to emergency medical transport services. Investment management and stockholder and public relations activities are examples of unallowable expenses.





Service	Allowable Costs	Unallowable Costs
<b>Accounting &amp; Auditing</b>	Preparation of business tax reports, business tax returns, financial statements, cost reports, and/or financial audits.*	Preparation of personal tax returns or single audit, fees related to litigation between a provider and a governmental entity, annual reports, reports to stockholders or other interested parties, investment management.
<b>Legal Services</b>	Legal expenses that are clearly enumerated as to the amount and subject of the action.*	Legal fees associated with: <ul style="list-style-type: none"><li>• Litigation between a provider and a governmental entity;</li><li>• Court-ordered awards of damages or settlements (with an exception for certain workers' compensation settlements) or a criminal conviction;</li><li>• Any other unallowable costs.</li></ul>
<b>Advertising &amp; Public Relations</b>	Advertising costs associated with: <ul style="list-style-type: none"><li>• Advertising for recruiting necessary personnel;</li><li>• Advertising to meet statutory or regulatory requirements, such as program standards, rules, or contract requirements;</li><li>• Telephone directory listings (such as yellow page listings) in the provider's service area (up to 1/8 page) or in a directory of similar facilities if the listings are consistent with practices common and accepted in the industry;</li><li>• Advertising to procure items related to contracted client care.</li></ul>	Costs associated with: <ul style="list-style-type: none"><li>• Advertising which seeks to increase client utilization;</li><li>• Advertising for the issuance or sale of a contracted provider's own stock;</li><li>• Business promotional advertising;</li><li>• Public relations costs;</li><li>• The development of logos or other company identification.</li></ul>

# Allowable Costs: Accounting/Audit/Legal Fees

---

## Accounting, Audit, and Legal Fees

Documentation for accounting, auditing, and legal fees billed on an hourly basis and the allowable portion of legal retainers should include:

- The amount of time spent on the activity
- A written description of the activity performed
- The person performing the activity
- The hourly billing amount of the person performing the activity



TEXAS  
Health and Human  
Services



Service	Allowable Costs	Unallowable Costs
<b>Loan Interest</b>	<p>Reasonable and necessary interest on current and capital indebtedness is allowable; the loan must have been made to satisfy a financial need for a purpose reasonably related to contracted client care.</p> <p>Allowable interest expenses are limited to that net portion of interest accrued which has not been reduced or offset by interest income.</p> <p>The following must be met:</p> <ul style="list-style-type: none"><li>• Loan must be supported by evidence of a loan contract;**</li><li>• Loan must be made in the name of the contracted provider entity;</li><li>• The proceeds of the loan must be used for allowable costs.</li></ul>	<p>Loan is associated with:</p> <ul style="list-style-type: none"><li>• Investing in operations other than contracted services;</li><li>• Unallowable items;</li><li>• The purpose of creating excess working capital.</li></ul>
<b>Staff Training</b>	<p>Training expenses are allowable as long as the training has a direct relationship to employee's job responsibilities, such as:</p> <ul style="list-style-type: none"><li>• CPR</li><li>• On-the-job training</li><li>• Instructors</li><li>• Training materials</li><li>• Registration fees</li></ul>	<p>Training expenses for a training that does not have a direct relationship to the employee's job responsibilities.</p>
<b>Dues or Contributions to Organizations</b>	<p>Dues or fees for professional associations or for maintaining professional accreditation.</p>	<p>Dues or contributions associated with lobbying, civic organizations, or nonprofessional organizations.</p>

# Allowable Costs: Employer Expenses

---

## Interest Expense

### Loan Documentation:

- Signed copy of loan
- Explanation of purpose of loan
- Documentation of use of proceeds
- Evidence of systematic principal and interest payments
- Substantiation of costs of securing loan

# Allowable Costs: Training Costs

---

The following training expenses are *ALLOWABLE* on the cost report as long as the training has a direct relationship to the job:

- CPR
- On-The-Job Training
- Instructors Costs
- Materials
- Registration Fees



# Allowable and Unallowable Costs

---

## Employee Morale and Welfare

**Allowable:** To the extent they are incurred in accordance with written policy and only as indirect costs, expenses related to employee morale and welfare are limited to \$50.00 per employee per year.



TEXAS  
Health and Human  
Services

# Allowable and Unallowable Costs

---

## Fines and Penalties

**Unallowable:** Non-sufficient fund fees, parking fines, damages and settlements from violations (or alleged violations) of laws and regulations. Affordable Care Act (ACA) fines are unallowable.

## Fundraising & Investment Management

**Unallowable:** Salaries related to fundraising and investment management and any fees paid to others for such activity.



TEXAS  
Health and Human  
Services

# Allowable and Unallowable Costs

---

## **Allowable Taxes:**

- Generally, taxes assessed against the provider and for which the provider is liable for payment are allowable costs.
- Employment-related taxes such as FICA, workers' compensation, and both federal and state unemployment compensation.



# Allowable Costs: Travel Costs

The maximum for lodging per diem and meals per diem costs is 150% of the General Services Administration (GSA)'s federal travel rates for maximum lodging and meal reimbursement rates. The GSA's travel rates may be found at:

<https://www.gsa.gov/travel/plan-book/per-diem-rates>

For locations not specifically listed by the GSA, the current daily rates are listed by the Texas Comptroller of Public Accounts.

Out-of-state travel costs are unallowable, unless:

- For allowable staff training **not** available in Texas;
- For delivering services within 25 miles of the Texas border (adjoining states, but not Mexico).



TEXAS  
Health and Human  
Services

# Allowable Costs: Mileage Rates

Period	Rates in cents per mile			Source
	Business	Charity	Medical Moving	
2021	56	14	16	<a href="#">IR-2020-279</a>
2020	57.5	14	17	<a href="#">IR-2019-215</a>
2019	58	14	20	<a href="#">IR-2018-251</a>
2018	54.5	14	18	<a href="#">IR-2017-204</a>

Standard Mileage Rates can be found here  
<http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates>



**TEXAS**  
Health and Human  
Services

# Depreciation

---

Allows providers to claim costs associated with long-lived assets over time that are used in operating ambulance services

The basic formula for straight line yearly depreciation expense is:

$$\frac{\text{Historical Cost} - \text{Salvage Value}}{\text{Useful Life in Years}}$$

# Depreciate or Expense?

---

- Purchases after the beginning of fiscal year 1997
  - Must depreciate asset if historical cost  $\geq$  \$1,000 AND estimated useful life  $\geq$  1 year at the time of purchase
- Purchases after the beginning of fiscal year 2004
  - Must depreciate asset if historical cost  $\geq$  \$2,500 AND estimated useful life  $\geq$  1 year
- Purchases after the beginning of fiscal year 2015
  - Must depreciate asset if historical cost  $\geq$  \$5,000 AND estimated useful life  $\geq$  1 year
- Expense any item costing less than the capitalization level for that fiscal period as described above or having a useful life of one year or less.



TEXAS  
Health and Human  
Services

# Summary Table

Fiscal Year	Historical Cost	Minimum Useful Life	Depreciate or Expense
After 1997	\$1,000 or more	1 year or more	Depreciate
After 2004	\$2,500 or more	1 year or more	Depreciate
After 2015	\$5,000 or more	1 year or more	Depreciate



**TEXAS**  
Health and Human  
Services

# Ambulance Buildings

---

- The entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life, with a:
  - Minimum salvage value of 10 percent
  - Minimum useful life of 30 years
- Exclude the cost of land



TEXAS  
Health and Human  
Services

# Building Allocation

---

- If the building is used by both a fire department and an ambulance service, an allocation rate must be applied
  - Separate and distinct usages require allocation based upon square footage
  - If shared, the amount should be allocated based upon “a reasonable method that reflects actual usage”



TEXAS  
Health and Human  
Services

# Vehicles – Useful Lives

---

- 3 year minimum for automobiles (including minivans);
- 5 year minimum for light trucks and vans (up to and including 15-passenger vans); and
- 7 years for buses and airplanes
- Unallowable vehicles – those not generally suited or not commonly used to transport clients, staff, or provider supplies (Examples: motor homes, RVs, motorcycles, sports automobiles, heavy trucks, tractors, etc.)



# Mileage Logs

- Not required if the ground transportation equipment is used 100% for ambulance services. Must be stated in a written policy & policy must be followed.
- If required, mileage logs must include the following information for each individual trip:
  - Date, time of day (beginning and ending), driver, persons in the vehicle, trip mileage (beginning, ending, and total), purpose of the trip, and the allocation centers defined below.
    - the departments, programs, and/or business entities to which the trip costs should be allocated).



TEXAS  
Health and Human  
Services



**TEXAS**  
Health and Human  
Services

43

# Ambulance Equipment

---

Use the minimum schedules consistent with "Estimated Useful Lives of Depreciable Hospital Assets," published by the American Hospital Association.

- **Website:** [WWW.AHA.ORG/EUL](http://WWW.AHA.ORG/EUL)
- **Phone:** 1-800-242-2626
- **E-Mail:** AHA-ORDERS@PDD.COM

## Examples:

Building equipment; buildings and grounds improvements and repairs; durable medical equipment, furniture, and appliances; and power equipment and tools used for buildings and grounds maintenance.



# Ordinary Repairs

---

- Recurring
- Usually involve expenditures for parts and labor to keep the asset in operating condition
- Don't add materially or to the value of the asset or increase its life
- Usually combined with maintenance costs
- Examples: painting, copy machine repair, oil changes, etc.

**EXPENSE THESE COSTS AS INCURRED**



**TEXAS**  
Health and Human  
Services

# Extraordinary Repairs

---

- Expenditures not normally recurring
- Usually increase the value (efficiency, use utility, or life) of an asset
- Examples: vehicle overhauls, replacing a roof, and strengthening the foundation of a building

## **DEPRECIATE IF:**

- Cost \$2,500 or more
- Useful life in excess of one year

**ADD TO THE COST OF THE ORIGINAL ASSET AND  
DEPRECIATE OVER REMAINING LIFE (OR EXTEND  
USEFUL LIFE ACCORDINGLY)**



TEXAS  
Health and Human  
Services

# Depreciation: Documentation

**Required for each depreciable asset so that its classification and estimated useful life can be checked for accuracy:**

1. Historical cost
2. Date of purchase
3. Depreciable basis

**Must be accessible for each depreciable asset:**

1. Estimated useful life
2. Accumulated depreciation
3. Calculation of gains and losses upon disposal

Descriptions with unacceptable insufficient detail: “kitchen equipment,” “current year purchases,” “office furniture,” etc.

In STAIRS these items are rolled up, but your documentation should be at this level of detail.



TEXAS  
Health and Human  
Services

# Unallowable Depreciation

---

“Depreciation and amortization expenses for unallowable assets and costs are also unallowable, including amounts in excess of those resulting from the straight line method, capitalized lease expenses in excess of actual lease payments, and goodwill or any excess above the actual value of physical assets at the time of purchase.”



TEXAS  
Health and Human  
Services

# Unallowable Assets

---

## Examples:

- ATV's not used exclusively for EMS/ambulance
- Fire Apparatus:
  - Engines
  - Ladder Trucks
  - Tactical Vests
  - Brush Truck
  - Hazard Materials Vehicle
  - Pike Poles

Lumping assets together in order to meet a cost threshold is NOT allowed.



# Cost Allocation

---

The purpose of a cost allocation plan is to summarize in writing, the methods and procedures that the organization will use to allocate costs to various programs, grants, contracts, and agreements.

General guidance on cost allocation for federal grant funded programs is provided from the Office of Management and Budget (OMB) for state, local, and Indian tribal governments.



# Cost Allocation – Central Office

Administrative costs are indirect costs produced by administrative functions. Administrative costs can be directly charged or shared. If these costs are shared, they are considered central office costs and must be allocated. Administrative functions include:

- General Administrative Oversight
- Central Management
- Personnel Functions
- Accounts Payable
- Accounts Receivable
- General Ledger Accounting Functions
- Risk Management Functions
- Financial Statement Functions
- Payroll Functions
- Benefit Management Functions
- Purchasing Functions
- Any other Administrative-Type Function



# Cost Allocation – Central Office

---

## **Costs related to administrative functions include:**

- Salaries/wages
- Payroll taxes
- Employee benefits
- Supplies
- Office space
- Operations costs (travel/training)



# Cost Allocation – Direct Cost

Direct costs are those that can be identified specifically with a particular final cost objective.

Direct costs chargeable to supplemental reimbursement are:

- Compensation of employees for the time devoted and identified specifically to the performance of those awards
- Cost of materials acquired, consumed, or expended specifically for the purpose of those transports
- Equipment and other approved capital expenditures
- Travel expenses incurred specifically to carry out the transport

Direct cost of a minor amount may be treated as an indirect cost for practicality when accounting treatment for that cost is consistently applied to all cost objectives.



TEXAS  
Health and Human  
Services

# Cost Allocation- Indirect Cost

---

Indirect costs are incurred costs with two or more cost objectives identified but are not specifically identified with any final cost objective. These shared costs may include:

- Building/facility rent or lease
- Utilities costs
- Telecommunications costs
- Administrative staff salaries/wages
- Advertising expenses
- Travel expenses

# Allocation of Time – Time Sheets

---

**Must properly document any staff whose duties include:**

Multiple direct service types, both direct and indirect service component types, and/or both direct hands-on support, and first-level supervision of direct care workers.

**Must Maintain:**

- Continuous record of time on a daily basis throughout the entire reporting period
- Records indicating the direct charge of ALL hours worked in each job function and activity for the entity



**TEXAS**  
Health and Human  
Services

# Allocation of Time – Time Sheets

---

Time sheets must include the following:

- Employee Name
- Date
- Start and Stop Time
- Total Hours Worked
- Time worked providing direct services in the program (in increments of 30 minutes or less)
- Time worked performing other functions
- Paid time off
- Appropriate Signatures and Dates



TEXAS  
Health and Human  
Services

# Time Sheet Example



**TEXAS**  
Health and Human  
Services

HHSC Central Office Admin Support Daily Time Sheet										
EMPLOYEE NAME		Marium DeMarco			DATE:		10/31/11			
TIME(hh:mm)		Duties		Cost Centers by Department (Enter time in minutes)						
BEGINNING	ENDING	Activities Performed	HR-1000	Legal-2000	Finance-3000	EMS-2000	Fire 5000	PD-6000	*Shared Admin costs	
8:00 AM	9:30 AM	Payroll	90							
9:30 AM	10:30 AM	Accounting			60					
10:30 AM	11:15 AM	Meeting EMS				45				
11:15 AM	12:30	Meeting FIRE Dept					45			
12:30 PM	1:00 PM	Travel Back to Office				30	30			
1:00 PM	2:00 PM	Lunch							60	
1:30 PM	2:30 PM	Voucher Processing			60					
2:30	3:30	AMB Waiver Issues								
3:30	4:30 PM	Annual Leave / Vacation							60	
Total Minutes per Cost Center			90	0	120	75	75	0	120	
* Shared Admin Costs - Paid Lunches; Annual Leave; Sick Leave; Jury Duty; etc.										
Legend		Daily Summary		Allocation of Shared Time						
Department	Cost Center	Cost Center	Total Minutes	Alloc/%	Alloc Time	Total Time				
Central Office	HHSC-1000	HHSC-1000	90.00	25%	30	120	Jane Smith, CPA, MBA			
Legal	HHSC-2000	HHSC-2000	0.00	0%	0	0	Signature: Date:			
Finance	HHSC-3000	HHSC-3000	120.00	33%	40	160				
EMS	HHSC-4000	HHSC-4000	75.00	21%	25	100				
Fire	HHSC-5000	HHSC-5000	75.00	21%	25	100				
PD	HHSC-6000	HHSC-6000	0.00	0	0	0	Jerry Pritchard, City Manager			
Shared Admin Time	HHSC-7000	HHSC-7001	120.00	360.00	120.00	480	Supervisor Signature/ Title: Date:			
Total Minutes			480.00							

# Payroll Taxes and Federal Funding Reductions

- All federal funding should be reported in step 7 of the cost report. Supporting documents can be labeled as “Step 7 support.”
- Payroll taxes should be reported on the most appropriate place in the Payroll taxes table.
- Non-payroll funds should be placed under the Federal Funding and other reductions table. A detailed description for any non-payroll funds can be placed in the notes as shown below.



<p>Do you have other non-payroll reductions to report?</p> <p>Please report any non-payroll reductions here:</p>	<p>Yes</p> <p>Note:</p> <p>HHS/CARES Act Provider Relief Funds</p>
--	--

# Report Certifications

---

## **Cost Report Certification:**

- Is required and formally acknowledges that the cost report is true, correct, complete, and prepared according to all rules and regulations.
- Must be completed & signed by an individual legally responsible for the conduct of the provider, such as the authorized agent.
- The responsible party must have ASSPP training credits for the corresponding reporting period.
- The responsible party's signature must be notarized.



# Report Certifications

---

## **Claimed Expenditures:**

- Certifies that expenditures are allocable and allowable to the State Medicaid program under Title XIX of the Social Security Act and in accordance with all procedures, instructions and guidance issued by the single state agency and in effect during the cost report year.
- Government Provider Name, Total Computable amount, and reporting period dates are auto-populated.
- Must be completed & signed by an individual legally responsible for the conduct of the provider such as the authorized agent.
- The responsible party's signature must be notarized.
- The responsible party should read the certification statements carefully before signing the form before a notary.



**TEXAS**  
Health and Human  
Services

# Cost Report Submission/Review Process

---

1. Completed cost reports will now be accepted ***ONLY*** through STAIRS.
2. Cost report review unit will conduct the desk review.
3. Hospital Services Rate Analysts will reconcile Uninsured Charity payments and charges.
4. HHSC administers payment to providers (September 30)



# Unacceptable Cost Reports

---

- Not completed in accordance with rules, instructions, and policy clarifications
- Not completed for the correct reporting period
- Not completed using a modified accrual method or cash basis of accounting
- Preparer did not submit the required documentation (certification pages, allocation summaries, contractual agreements)
- Provider does not have supporting work-papers
- Provider fails to provide requested information/documentation in a timely fashion
- Provider used unacceptable allocation method



# Cost Reporting Process



# Desk Reviews

---

Providers are responsible to respond to the cost reporting financial examiners within 15 days from the date HHSC requests clarification and/or additional information.

Through STAIRS, the provider will be notified that the exclusions and adjustments reports for providers are available. These reports identify:

- Items that have been adjusted
- The amount of each adjustment
- The reason for each adjustment

# Cost Settlement Methodology

HHSC captures all allowable costs, charges within a reporting period, and creates a cost-to-charge ratio. That ratio is then applied specifically to the Uninsured Charity Care charges. After applying the ratio, the new remainder is reduced by the payments to those Uninsured Charity Care charges. The new amount is then multiplied by the Federal Medical Assistance Percentages to calculate the amount due to the provider before the reduction based on pool size.

**Direct Uninsured Charity Care Cost-to-Charge Ratio –**  
(Report Total Allowable Costs for the Period of Service / Total Billed Charges for the Period of Service)\*Total Billed Uninsured Charity Care charges for Reporting Period.



TEXAS  
Health and Human  
Services

# Informal Reviews

---

1. Informal Review

2. Appeals Process



TEXAS  
Health and Human  
Services

# Informal Review Requests

---

- Due within 30 days of notification.
- Must include items in dispute, recommended resolution, and supporting documentation.
- Must be signed by the individual legally responsible for the conduct of the contracted provider or their legal representative.
- Only the cost determination process (allowable and unallowable expenses) can be disputed in an informal review and formal appeal.



TEXAS  
Health and Human  
Services

# Appeal Process

---

If a governmental entity does not agree with the decision made by the HHSC Provider Finance Division after informal review, the entity has an option to appeal through the HHSC appeal process.

Formal appeals are conducted in accordance with the provisions of Chapter 357, Subchapter I of this title (relating to Hearings under the Administrative Procedure Act).

Requests for a formal appeal from the interested party must be received within 15 calendar days after the interested party receives the written decision. Requests must be sent via email (only) to [uctools@hhs.texas.gov](mailto:uctools@hhs.texas.gov). HHSC will reply to your email confirming receipt.



TEXAS  
Health and Human  
Services

# Medicaid Records Retention Policy

State laws generally govern how long medical records are to be retained. However, the Health Insurance Portability and Accountability Act (HIPAA) of 1996 (HIPAA) administrative simplification rules require a covered entity (such as a physician billing Medicare) to retain required documentation for six years from the date of its creation or the date when it last was in effect, whichever is later.

HIPAA requirements preempt State laws if they require shorter periods. Your State may require a longer retention period. The HIPAA requirements are available at 45 CFR 164.316(b)(2).

(<https://www.gpo.gov/fdsys/pkg/CFR-2007-title45-vol1/pdf/CFR-2007-title45-vol1-sec164-316.pdf>)

The Centers for Medicare & Medicaid Services (CMS) requires records of providers submitting cost reports to be retained in their original or legally reproduced form for a period of at least 5 years after the closure of the cost report. This requirement is available at 42 CFR 482.24[b][1].

([http://www.access.gpo.gov/nara/cfr/waisidx\\_05/42cfr482\\_05.html](http://www.access.gpo.gov/nara/cfr/waisidx_05/42cfr482_05.html))



TEXAS  
Health and Human  
Services

# ASSPP Cost Report Definitions

**Cognizant agency:** agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed in accordance with the Office of Management and Budget Circular A-87.

**Cost Allocation Plans:** the means by which costs are identified in a logical and systematic manner for reimbursement under federal grants and agreements.

**Cost-to-charge ratio:** A provider's reported costs are allocated to the Uninsured Charity Care program based on a cost-to-billed-charge ratio. The cost-to-billed charge ratio is calculated as the Total Allowable Cost reported for the service period to represent the numerator of the ratio to the billed charges of the total Medicaid paid claims for the service period that represents the denominator of the ratio. This ratio is applied to calculate the total billed charges associated with Medicaid paid claims or total computable amount for the cost report.

**Federal Medical Assistance Participation (FMAP) Rate:** the share of state Medicaid benefit costs paid for by the federal government.

**Medicaid Fee-For-Service (FFS) Paid Claims:** Medicaid payments made by the Health and Human Services Commission through the Texas Medicaid Healthcare Partnership to enrolled providers for services provided to Medicaid recipients.

**Medicaid Managed Care:** provides the delivery of Medicaid health benefits and additional services through an arrangement between a state Medicaid agency and managed care organizations (MCOs) that accept a set payment for these services.



TEXAS  
Health and Human  
Services

# ASSPP Cost Report Definitions

**Un-insured:** an individual who has no health insurance or other source of third-party coverage for medical/health services.

**Uninsured cost:** the cost to provide ambulance services to uninsured patients as defined by the Centers for Medicare and Medicaid Services. An individual whose third-party coverage does not include the service provided is considered by HHSC to be uninsured for that service.

**Medicare:** A federal system of health insurance for people over 65 years of age and for certain younger people with disabilities.

## **Other third-party coverage:**

- **Commercial Pay Insurance:** health insurance that covers medical expenses and disability income for the insured.
- **Self-Pay:** a self pay patient who pays in full at the time of visit for our services. We are not required to file claim or submit any documentation on his/her behalf to a third party.

**Total Computable Amount:** the total Medicaid and Uninsured allowable amount payable for ambulance services prior to any reductions for interim payments.

**Uncompensated Care (UC):** health care provided for which a charge was recorded but no payment was received. UC consists of two components: (1) **charity care in which the patient is unable to pay** and (2) **bad debt in which a payment was expected but not received**. Uncompensated care excludes other unfunded costs of care such as underpayment from Medicaid and Medicare.



**TEXAS**  
Health and Human  
Services

# Questions?

---



TEXAS  
Health and Human  
Services